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SUBJECT: AMBASSADOR DISCUSSES NATO, PROPERTY RESTITUTION,  
ISAF, AND COMMERCIAL ISSUES WITH CROATIAN PRESIDENT

(U) Sensitive but unclassified; please handle accordingly.

¶1. (SBU) Ambassador met July 13 with Croatian President Stjepan Mesic to discuss Afghanistan, NATO, property restitution, and commercial issues. Their discussion of Kosovo and the Italy-Croatia dispute on Italian victims of Partisan atrocities during WWII are covered septel.

NATO Preparations

¶2. (SBU) The Ambassador noted positively increased high-level GOC participation in the effort to prepare the country for NATO membership. In particular, constituting a State Committee consisting of the president, the prime minister, and the speaker of parliament would help ensure that defense reform efforts did not flag and the public education campaign about NATO would make progress. The Ambassador promised to work closely with Croatia's NATO Ambassador Davor Bozinovic to support the GOC's efforts.

¶3. (SBU) Mesic noted that NATO membership will bring Croatia numerous military, security, and economic benefits. The State Committee's efforts to make the public more aware of these benefits was a vital task. For too long the media in Croatia have had a critical attitude about NATO that has engendered public skepticism. The GOC has to take part of the blame for this since it has not worked aggressively in the past to counter these arguments; with the State Committee this time is past, the various institutions of the GOC are united and progress is being made.

¶4. (SBU) Mesic noted that in his view a referendum on NATO membership would not be necessary under the constitution since joining the alliance would not cede Croatian sovereignty.

Croatian contributions to ISAF

¶5. (SBU) The Ambassador noted USG appreciation for the GOC's plan to increase the contribution of Croatian troops in ISAF from the current level of 150, to 200 in 2007 and 300 in ¶2008. Croatian participation in this multilateral effort is a vital contribution to the future of Afghanistan and its ability to transition to a modern, democratic state free from the Taliban's reign of terror.

Property Restitution

¶6. (SBU) The Ambassador raised the issue of property confiscated by the Communist Yugoslav government; he noted that there were a number of American citizens who were currently ineligible to apply for restitution under Croatian law, although Croatian citizens can do so. He told Mesic that he would be meeting again with the Justice Minister

shortly to address this issue, and he hoped the president would be able to support some kind of resolution for these claimants, most of whom were now very old. He left with the president a short paper with illustrative examples of Americans who would benefit from a claims procedure.

#### Armored Personnel Carriers

17. (SBU) The Ambassador noted that the US company General Dynamics was bidding on a contract to supply the Croatian armed forces with 126 armored personnel carriers; working with GD would not only help the army fill a critical gap in its capabilities, but would also bring benefits to the Croatian company that would be GD's partner. Mesic noted the importance of offset arrangements in GOC consideration of APC bidders and said that a decision had already been reached in principle to split the APC contract between GD and its Finnish competitor Patria.

BRADTKE